

U.S. Embassy—Mexico City

Oil and Gas Factsheet

Important Facts:

- Mexico is a major non-OPEC oil producer (9th in the world) and among the largest sources of U.S. oil imports (4th). In 2012, the United States imported 975,000 bbl/d of crude oil from Mexico, behind Canada, Saudi Arabia and Venezuela.
- Petroleos Mexicanos (Pemex), the state-owned oil and gas company, is by law responsible for all domestic hydrocarbon exploration and production (Art 27 & 28 of the Constitution).
- Proposed changes to Art 27 & 28 of the Constitution in the energy reform could allow private sector partnerships with Pemex and the Mexican government to increase oil and gas production.
- Mexico is a net importer of natural gas, mostly via pipelines from the United States. Mexico also imports over 40% of its gasoline from the United States.

Mexico is one of the top ten largest oil producers in the world, but its position as a net oil exporter to the United States has declined in recent years.

Mexico is an important partner in the U.S. energy trade. The energy relationship between Mexico and the United States is key for both countries' economies. Mexico is currently the United States' fourth-largest oil supplier (in 2012, it was ranked 3rd) and the United States is Mexico's #1 supplier of gasoline and natural gas.

Mexico is a large but declining net crude exporter, and is a net importer of refined petroleum products. [Pemex](#) cites 13.9 billion barrels of proven oil reserves, while the [Oil & Gas Journal](#) notes Mexico had 10.3 billion barrels of proven oil reserves at the end of 2012.

Top Ten Oil Producers, 2012

Saudi Arabia	11,726
United States	11,120
Russia	10,397
China	4,416
Canada	3,869
Iran	3,538
United Arab Emirates	3,213
Iraq	2,987
Mexico	2,936
Kuwait	2,797

Source: [EIA](#)

(Thousand Barrels per Day)

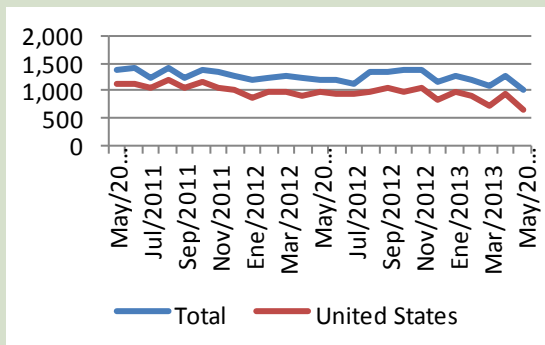
US Crude Oil Imports, July 2013

Country	July 2013	July 2012
Canada	2,536	2,468
Saudi Arabia	1,318	1,458
Venezuela	871	1,033
Mexico	852	977
Colombia	574	391

(Thousand Barrels per Day)

Source: [EIA](#)

Mexico's Crude Oil Exports, 2011-2013



Source: [SIE](#)

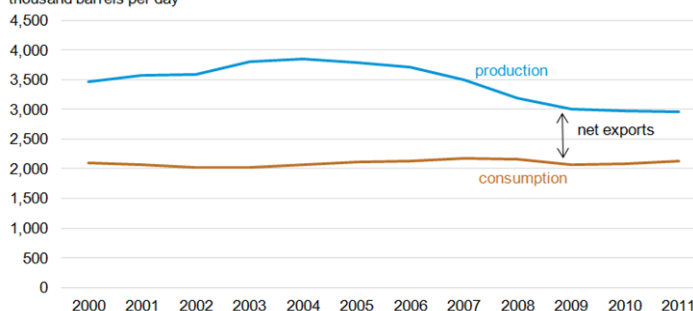
President Enrique Peña Nieto Calls for Energy Reform

The proposed energy reform includes:

- The modernization of Pemex to include restructuring and more autonomy
- Although Mexico will maintain ownership of all oil and hydrocarbons, there will be flexibility to allow an increase of private sector participation in the energy sector

The amount of oil produced in Mexico has fallen by about 24% since 2004 due to under-investment and natural production declines from Cantarell and other offshore fields ([EIA](#)). The oil sector generates 15% of Mexico's export earnings, a proportion that has declined over time. More significantly, earnings from the oil industry (including taxes and direct payments from Pemex) accounted for 34% of total government revenues in 2012. Declines in oil production have a direct impact upon the country's economic output and the government's fiscal health, particularly as refined product consumption and import needs grow.

Mexico's oil production and consumption, 2000-2011



Source: U.S. Energy Information Administration, *International Energy Statistics*

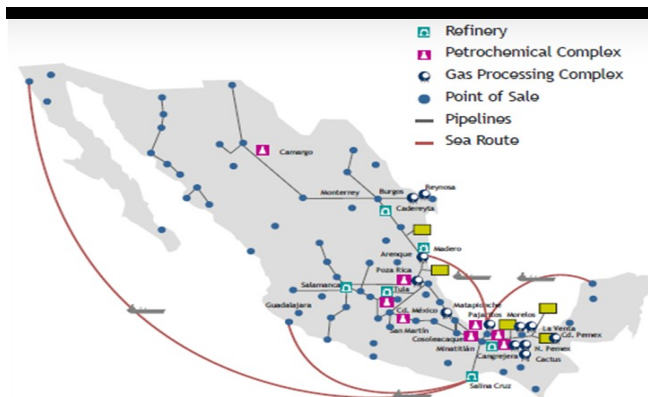
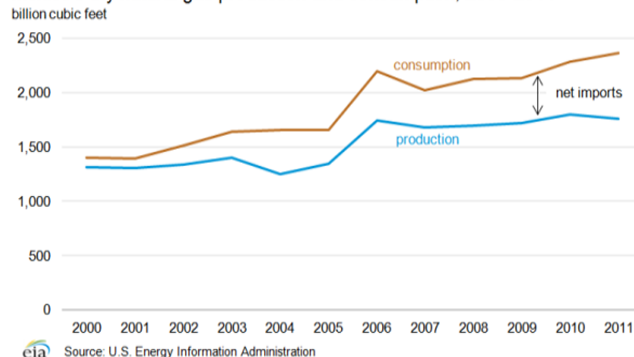
Mexico is a net importer of natural gas, mostly via pipelines from the U.S., and its natural gas demand is rising due to greater use of the fuel for power generation.

According to the Oil and Gas Journal, Mexico had 17.2 trillion cubic feet (Tcf) of proven natural gas reserves as of the end of 2012. The southern region of the country contains the largest share of proven reserves. However, the northern region will likely be the center of future reserves growth, as it contains almost ten times as much probable and possible natural gas reserves as the southern region.

Challenges:

- Most of Mexico's electricity generation comes from conventional thermal plants, the fuel source for which is increasingly natural gas;
- Limited gas pipelines, though Mexico is building two major cross-border pipelines and increasing compression to increase natural gas imports by about 3 billion cubic feet by 2016;
- The current focus is to produce more oil than natural gas due to the low natural gas prices.

Mexico's dry natural gas production and consumption, 2000-2011

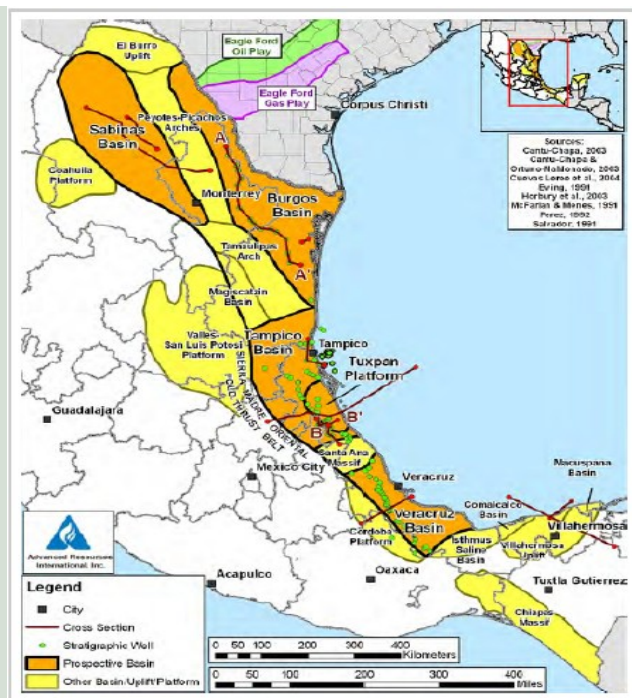


Mexico has one of the world's largest shale gas resource basins, which could support increased levels of natural gas reserves and production.

According to an initial EIA assessment of world shale gas resources, Mexico has an estimated 545 Tcf of technically recoverable shale gas resources — the sixth largest of any country examined in the study (see chart, [EIA](#)).

Recent events:

- SENER invested over \$240 million to determine potential shale gas reserves;
- Energy reforms could include the opening of shale gas to the private sector, but will it include non-associated liquids, such as shale oil, and will the contracts be competitive enough to lure in private investment?



Trans-boundary Agreement on Hydrocarbons in the Gulf of Mexico

- The Agreement is awaiting U.S. Congressional approval; implementation of the Agreement would enhance the bilateral relationship by enabling joint exploration of the boundary area and facilitating commercial cooperation between U.S. companies and PEMEX, and it would strengthen collaboration between our environment and safety regulatory bodies.

